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09/538,750	03/30/2000	Jay S. Walker	00-017	8975

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EXAMINER

HAQ, NAEEM U

ART UNIT	PAPER NUMBER
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3625

DATE MAILED: 03/24/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

09/538,750

Applicant(s)

WALKER ET AL. 

Examiner

Naeem Haq

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 28 November 2003.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-70 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-70 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

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## DETAILED ACTION

### ***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 6, 48, 49, are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. These claims recite conditional statements. It is unclear to the Examiner what the scope is when the conditional statements are false.

### ***Claim Rejections - 35 USC § 101***

The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

Claim 1-21, 23, 25-27, 29-33, 35-36, 38-55, 57-64, and 68-70 is/are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. These claims are not within the technological arts. Bowman requires non-trivial recitation of technology in the body of the claim language. In the present case, claims 1-21, 23, 25-27, 29-33, 35-36, 38-55, 57-64, and 68-70 do not recite any technology in the body of the claims. Indeed the steps of these claims can be performed by hand and do not require any technology whatsoever. *The claimed invention must utilize technology in a non-trivial manner (Ex parte Bowman, 61 USPQ2d, 1665,1671 (Bd. Pat.*

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*App. & Inter. 2001*)). Although Bowman is not precedential, it has been cited for its analysis.

***Claim Rejections - 35 USC § 103***

The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

**Claims 1-8, 10-17, 19-32, 35-46, 48-61, and 64-70 are rejected under 35 U.S.C. 103(a) as being unpatentable over Halbert et al (US Patent 6,101,484).**

Referring to claims 1-7, 27, 29, 35, 56-60, and 64-70, Halbert teaches a method, apparatus, and medium storing instructions for the method of facilitating a transaction, comprising:

- a processor and storage device in communication with said processor (Figure 1, column 7, lines 1-44);
- associating a transferable item price with a consumer (column 9, lines 15-17, lines 36-41);
- determining that a consumer is entitled to purchase an item in exchange for payment of an amount based on the transferable item price (column 9, lines 47-58);
- determining the transferable item price associated with the consumer (column 4, lines 23-24; column 9, lines 44-49);
- wherein the determination of the transferable item price is based on an offer received from the consumer to purchase the item in exchange for

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payment of an offer price, the transferable item price being based on the offer price (column 3, lines 4-8; column 7, lines 45-65);

- wherein the offer received from the consumer comprises a binding offer and the offer price is defined by the consumer (column 1, lines 39-42; column 4, lines 40-46);
- wherein the consumer defines the offer price via entering the offer price (column 9, lines 11-13);
- wherein said associating is only performed if the offer received from the consumer is accepted (column 9, lines 44-58);
- wherein the determination of the transferable item price is based on the consumer purchasing the item in exchange for payment of a purchase price, wherein the transferable item price is based on the purchase price (column 9, lines 44-58).

Halbert does not explicitly teach that a second consumer is specified by the first consumer. However, Halbert teaches a "co-op" (column 4, lines 4-9) which inherently has a first and second consumer since the invention of Halbert requires a group of consumers. Furthermore, Halbert teaches that consumers are encouraged to invite their friends to participate in the co-op (column 11, lines 38 and 39). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to allow a first consumer to specify a second consumer. One of ordinary skill in the art would have been motivated to do so in order to obtain a better final price by increasing the size of the co-op.

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Referring to claim 8, Halbert does explicitly teach that the transferable item price is based on an auction bid received from the first consumer. However, please note that Halbert's method is based on the "reverse auction" model. Therefore it is inherent in the method of Halbert that the transferable item price is based on an auction bid since the method of Halbert is a type auction.

Referring to claim 10, Halbert teaches that the item price varies over time and the determination of the transferable item price is based on a time that the first consumer provides an offer (column 7, lines 45-67; column 8, lines 1-60).

Referring to claim 11, Halbert does not explicitly teach that the item is sold to consumers at a retail price and the transferable item price is different than the retail price. However, Halbert teaches that his method increases a supplier's overall profit by lowering the price per unit and increasing the sales volumes (column 3, lines 4-24). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to increase overall profits by reducing the price per unit below the retail price and increasing sales volume. One of ordinary skill in the art would have been motivated to do so in order to make more money.

Referring to claims 12 and 13, Halbert teaches that determination if the transferable item price may be associated with the first consumer is based on information associated with the first consumer (column 9, lines 11-17, lines 50-54).

Referring to claims 14 and 41, Halbert does not explicitly teach that the information associated with the first or second consumer comprises a credit rating. However, Halbert teaches that the information associated with first consumer is a "credit

number and other pertinent information.” (column 9, lines 11-13). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to associate a credit rating with the first user. One of ordinary skill in the art would have been motivated to do so in order to ensure that the consumer had the resources to submit a legitimate offer.

Referring to claims 15, 21, 22, and 28, Halbert teaches that the transferable item price associated with the first consumer is based on a bid submitted by a second consumer and vice versa (column 9, lines 1-58). Halbert further teaches that the information is received from the first and second consumers via a web page (column 7, lines 6-21).

Referring to claims 16 and 17, Halbert teaches that the transferable item price is based on an item for sale (column 1, lines 17-26; Figure 3A; column 7, lines 45-63).

Referring to claims 19, 20, 45, and 46, Halbert teaches that the transferable item price is associated with the first consumer based on a task performed by the first consumer wherein the task comprises providing information (column 9, lines 11-17).

Referring to claims 23-26, 36-38, 54, and 55 Halbert does not explicitly teach the limitations of these claims. However, Halbert teaches a method for facilitating a transaction by allowing individuals to aggregate their buying power into a buying co-op. Halbert also teaches that once a critical mass of buyers is achieved a final price is determined. This final price is based on the total number of acceptable offers received from buyers. Thus Halbert’s invention is designed to lower the unit price of an item while increasing the effective yield (profit) for a seller as more offers are received from

buyers. Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to increase the buying co-op by having the first buyer identify a plurality of additional buyers by e-mail, telephone number, etc. to the system of Halbert. One of ordinary skill in the art would have been motivated to do so in order to allow the co-op to grow as large as possible by inviting additional buyers into the co-op so that the buyers obtained the lowest unit price while the seller obtained maximum yield.

Referring to claim 30, Halbert does not explicitly teach receiving the transferable item price code from the second consumer. However, Halbert teaches receiving a bid from the second user (column 9, lines 11-13). Furthermore, Halbert teaches that the bid may become a discount price if a critical mass is achieved (column 9, lines 44-58). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to receive a transferable item price code from the second consumer if a critical mass was met in the invention of Halbert. One of ordinary skill in the art would have been motivated to do so in order to promote a sale if a critical mass was achieved in the invention of Halbert.

Referring to claim 31, Halbert teaches verifying the transferable item price code received from the second consumer (column 9, lines 15-17).

Referring to claim 32, Halbert does not explicitly teach comparing the transferable item price code transmitted to the first consumer and the transferable item price code received from the second consumer. However, Halbert teaches that the bid received from the second consumer is compared to the final co-op price to determine



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who is eligible for the discount price (column 9, lines 44-58). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to compare the first and second consumer's transferable item price code in order to determine who was eligible for the discount price, as taught by Halbert.

Referring to claims 39, 40, 42-44, Halbert teaches that the determination that the second consumer is entitled to purchase the item in exchange for payment of the amount based on the transferable item price is based on a restriction associated with the transferable item price (column 1, lines 17-22; column 8, lines 62-64).

Referring to claims 48, 52, and 53, Halbert teaches that the first consumer is allowed to purchase the item at the transferable item price even if the second consumer purchases the item at the transferable item price (column 9, lines 47-58).

Referring to claim 49, Halbert does not explicitly teach that the first consumer is prevented from purchasing the item at the transferable item price if the second consumer purchases the item at the transferable item price. As noted above, the conditional "if" statement renders the claim indefinite. The Examiner will attempt to examine the claim as best as possible. Halbert teaches that a price curve for a product declines as the number of acceptable offers increase. Halbert provides an example of his invention where the product is a Mistsubishi™ 36" high definition television set that is limited to 1,000 units (column 7, line 45 – column 8, line 60). The price curve continues to decline until all 1,000 units are sold at a price that maximizes the seller's yield (Figure 3E, item "114"; column 8, lines 53-60). Nowhere does Halbert explicitly state that his invention stops receiving offers from buyers once a set number of units

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have been sold. This is because Halbert's system is designed to maximize a seller's yield. In order to do so, Halbert's system must receive more than 1,000 offers. Indeed Halbert even states that some offers are rejected if they are below a minimum price (column 7, lines 59-63). Therefore, the situation where one consumer is prevented from purchasing an item at the transferable item price if another consumer purchases the item at the transferable item price is an obvious outcome in the method of Halbert. If Halbert's system receives more than 1,000 offers above the minimum price then these offers are considered valid offers and will affect the price curve. However, in the example given above, the seller has only 1,000 units to sell. In such a case, some buyers will be prevented from buying the item at the transferable item price even though the transferable item price was applied to their offer. This is true because Halbert's method does not terminate the co-op based on the number of valid offers received but rather on when the seller has maximized its yield. For this reason, this limitation is rendered obvious. The motivation for such an outcome is provided by Halbert (i.e. to maximize the seller's yield).

Referring to claims 50 and 51, Halbert teaches that the transferable item price is dynamic and changes based on time (column 7, lines 45-67; column 8, lines 1-60).

Referring to claim 61, Halbert teaches that the final price is applied to all buyers making an offer above the final co-op price (column 9, lines 44-56). In order for a buyer to make an offer, Halbert requires the buyer provide his or her credit card information (column 9, lines 9-13).

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**Claim 9 is rejected under 35 U.S.C. 103(a) as being unpatentable over Halbert et al (US Patent 6,101,484) in view of Walker et al. (US Patent 6,119,100).**

Referring to claim 9, Halbert does not teach that the transferable item price (i.e. final price) is based on a price at which a third party offers to sell a similar item.

However, Walker teaches that it is well known in the art for a merchant to lower a price in response to a price reduction by a competitor (third party) (column 2, lines 6-8).

Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to allow the merchant of Halbert to base the final price on a price at which a third party offers to sell a similar item. One of ordinary skill in the art would have been motivated to do so in order to allow the merchant of Halbert to maintain its market share.

**Claims 33 and 34 are rejected under 35 U.S.C. 103(a) as being unpatentable over Halbert et al (US Patent 6,101,484) in view of Official Notice.**

Referring to claims 33 and 34, Halbert does not teach that the transferable item price code is encrypted using a hash function. However, Official Notice is taken that it is well known in the art to use encryption in electronic commerce. One of ordinary skill in the art would have been motivated to do so in order to properly secure the final discount price of Halbert.

**Claims 62-63 are rejected under 35 U.S.C. 103(a) as being unpatentable over Halbert et al (US Patent 6,101,484) in view of Yamada (US Patent 6,336,100 B1).**

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Halbert teaches associating a transferable item price established between a consumer and a first merchant (column 9, lines 15-17, lines 36-41). Halbert does not teach determining that the first or second consumer is entitled to purchase an item from a second merchant in exchange for payment of an amount based on the transferable item price. However, Yamada teaches an online shopping method wherein a user is allowed to select a second merchant for obtaining the product after placing an order with a first merchant (column 2, line 10 – column 5, line 29). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to incorporate the teachings of Yamada into the method of Halbert. One of ordinary skill in the art would have been motivated to do so in order to allow the first or second customer the convenience of obtaining the ordered product whenever so desired, as taught by Yamada (column 4, lines 10-14; column 5, lines 22-29). Halbert and Yamada do not explicitly disclose that the item is purchased from the second merchant. However, at the time the invention was made, it would have been obvious to one of ordinary skill in the art to do so. The Applicants have not disclosed that purchasing the item from a second merchant provides an advantage, is used for a particular purpose or solves a stated problem. Furthermore, one of ordinary skill in the art would have expected the Applicants' invention to perform equally well with the first or second customer purchasing the item from the first merchant because ultimately payment must be provided a merchant. Therefore, it would have been obvious to one of ordinary skill in this art to modify Halbert and Yamada to obtain the invention as specified in the claims.

**Claims 18 and 47 are rejected under 35 U.S.C. 103(a) as being unpatentable over Halbert et al (US Patent 6,101,484) in view of Pallakoff (US Patent 6,269,343 B1).**

Referring to claim 18 and 47, Halbert teaches the limitations of claims 12 and 1 as noted above. Halbert does not teach that the transferable item price may be associated with the first consumer based on payment of a transfer fee amount by the first consumer. However, Pallakoff teaches a method of on-line marketing wherein a consumer pays a commission after receiving a discount from a seller (column 5, lines 38-45; column 9, lines 46-67; column 10, lines 1-12; column 12, lines 16-29). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to incorporate the teachings of Pallakoff into the method of Halbert. One of ordinary skill in the art would have been motivated to do so in order to allow the system operator to make money.

### ***Response to Arguments***

This action is in response to the Applicants' Response, paper number 8, filed November 28, 2003.

Referring to the Examiner's rejection of claims 1-21, 23, 25-27, 29-33, 35-36, 38-55, 57-64, and 68-70 under 35 U.S.C. 101, the Applicants have argued that their invention is statutory because it produces a useful, concrete, and tangible result (i.e. a price). However, the Examiner notes that the claims do not recite any specific technology in the body of the claim language. As noted in the 101 rejection, Bowman

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requires non-trivial recitation of technology in the body of the claim language. For this reason, the Examiner maintains the rejection.

Referring to the Examiner's rejection of claims 1-8, 10, 12, 13, 15-17, 19-22, 27, 29, 35, 39, 40, 42-46, 48, 49-53, 56-60, and 65-70 under 35 U.S.C. 103(a), the Applicants' arguments have been fully considered but they are not persuasive. The Applicants have argued that Halbert does not teach a transferable item price which is transferable from one consumer to another consumer. The Examiner disagrees. The Applicants' specification defines the term "consumer" as "...any party (e.g., an individual, a group of individuals, or a business) that purchases an item, indicates an interest in purchasing an item, or otherwise arranges to be associated with a transferable item price." (see specification page 5, lines 10-15). In addition, the Applicants' specification defines the term "transferable item price" as "...a price at which a merchant is willing to sell an 'item' to the first consumer (e.g., by directly selling the item to the first consumer or by arranging for a seller to sell the item to the first consumer)." (see specification page 5, lines 16-18). Furthermore the Applicants' specification goes on to state "...it is determined that a second or "secondary" consumer (e.g., a consumer other than the first consumer) is entitled to purchase an item in exchange for payment of an amount based (i.e. based at least in part) on the transferable item price." As noted by the Applicants in their response, Halbert teaches a system and method for facilitating a transaction by allowing individuals to aggregate their buying power into a buying co-op. Halbert goes on to teach that once a critical mass of buyers is achieved a final price is applied to (i.e. associated with) all of the

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buyers (i.e. first and second consumers) of the co-op (column 9, lines 44-56).

Therefore, Halbert teaches a "transferable item price" since the Applicants have defined "transferable item price" as "...a price at which a merchant is willing to sell an 'item' to the first consumer..." Halbert's invention applies the final price to all buyers so long as their offer price was above some minimum price (column 9, lines 44-56). Furthermore, Halbert teaches that his transferable item price (i.e. final price) is based on the offer price received from various buyers (column 7, line 45 – column 8, line 60). The Applicants have also challenged the Examiner's Official Notice and supporting reference with respect to the limitation "...a second consumer specified by the first consumer..." Although the Examiner disagrees with the Applicants' analysis of the Oneda reference, the Examiner has provided a new ground of rejection. Therefore these arguments are moot.

Referring to claims 18 and 47, the Applicants' arguments have been fully considered but they are not persuasive. The Applicants have argued that a commission is not the same as a transfer fee. The Examiner disagrees. The Applicants' specification does not state what the transfer fee is used for, and one of ordinary skill in the art would conclude that such a fee is nothing more than a commission. For this reason, the Examiner maintains the art rejection.

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***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Naeem Haq whose telephone number is (703)-305-3930. The examiner can normally be reached on M-F 8:00am-5:00pm.

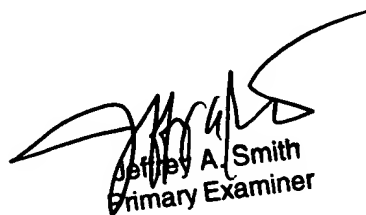
If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Jeff A. Smith can be reached on (703)-308-3588. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



**Naeem Haq**, Patent Examiner  
Art Unit 3625

March 14, 2004



Jeffrey A. Smith  
Primary Examiner